HAVANA.

From Our Own Correspondent. HAVANA, Jan. 8, 1867.

When I last wrete in reference to the slavebrade and the difficulties that surround the dealers, I mentioned the fact that New-Orieans would soon become the favorite resort instead of the Northern cities. I was informed to day that the famous Eugenio Vinas, who was here for the last month, was about to sail for New Orleans with his beantiful bank Iberia. It is whispered around on the wharf, where all such matters are discussed, that we may soon hear from him in his old capacity. The business ought to pay now very well, for slaves have increased in value beyond all precedent. The ether day a sale of eighteen was made in Matanzas, and they brought the sum of \$23,700! The increased value of the products of slave labor, and the present of the reneal of the date. the prospect of the repeal of the duties on foreign sugars in the United States, have stimulated the old dealers to recommence operations, and we shall undoubtedly soon commence to receive fresh impor-tations. But two cargoes have been landed re-ently, both on the south side of the island, and as heavy bribes have been given, nothing transpired to jeopardize the safety of the shipment. When all had passed and the unhappy victims securely set-fled in their new homes, the purchasers them-nelves were the first to inform their friends of their luck in having been enabled to procure a fresh supply. Of course Gen. Concha is entirely ignorant of all the facts connected with the landing, and if questioned on the subject might reply, as so often before, that it was not supposed that he knew everything. I feel assured that Vinas will succeed in effecting another landing before six months have clapsed. His old vessel, the celebrated "Lady Suffolk," subsequently seized at Vera Cruz and turned into a vessel-of-war, was lost in the severe gale of the 20th, in the port of Vera Cruz.

The United States frigate Wabash has paid us

quite an agreeable visit. Nearly all our countrymen now sejourning with us visited her. I noticed, among the thousands who crowded her decks on among the thousands who crowded her decks on New Year's day, several prominent officers of the Spanish army and navy. All who had the pleasure of walking her decks returned highly delighted with the urbanity of all her officers. They left us on the afternoon of the 3d for your city, where she has probably arrived. During her stay the Com-modere and officers were treated with marked respect by the Captair-General and his subordinates. The British brig Atalanta went to sea on the same

day, on a cruise after slavers.
Our cold Christmas holidays have been succeeded by very hot weather. The Cubans can new say that they have seen it snow in their country. Near Villa Clara it snowed quite briskly for about five minutes, and ice was collected on many estates in different parts of the island. The frost was so severe that it has done a great deal of damage to the young cane and other tender plants.

young cane and other tender plants.

We are daily expecting the newly appointed Minister for Washington. His name is Tassara, and he brings out instructions to the Captain-General on the Mexican and St. Domingo questions. After consulting with Concha he will be sent to New-York in the steam-frigate Isabel Segunda. In Spain it is generally believed that our Government will aid Mexico in case of difficulties occurring between her and Spain, and in order to store clear of the day. her and Spain, and in order to steer clear of all dan-gers of a conflict with us, Senor Tasara has been instructed to sound the American people on this question, and discover, if possible, whether or not the present Administration has proffered aid to Mexico.

The accounts brought from Vera Cruz by the Spanish steamer Mexico give us a sad picture of the state of things in that unfortunate country. The Government is hardly victorious in one place before new pronunciamientos are made in another. Armed bodies of men traverse the country in all directions, robbing and plundering all that come in their way. Their animosity seems particularly directed against the Spanish merchants, several of whom have fallen victims to their lawlessness. This view of course by a severe gale on the 20th, and several vessels were lost, among which was the Mexican war steamer Iturbide, with every soul on board. The American brig Zenefan of New-York was also lost,

but all the crew were saved.

The King's day, "dia de reyes," the negroes' holiday, passed off wishout any accident occurring to mar the amusement of the poor creatures. They sang and danced to the wild and savage sounds of their own native music, begged "aguinaldos" (Christmas gifts) of all the passers by, and seemed much happier than their donors. Notwithstanding the thousands that crowded the streets both inside the thousands that crowded the streets both inside and outside the walls, I saw no quarreling, nor have the papers published any accident of a dis-agreeable nature. This speaks volumes in favor of agreeable nature. This speaks volumes in favor of the negroes of Havana; and I doubt very much if, ith all their defects, a better people than the African.

Madame La Grange has appeared at the Tacen with the greatest success, and has completely captivated the Habaneros. The only "fiasco" Max has made was in assigning "Lucia" to his better half. He should have used better judgment with respect to the most musical public on this con-tinent. The first "abono" has been so successful that another will be opened immediately. I un-derstand that the company will go from here to New-Orleans. The Tacon has been engaged for Strakosch and Thalberg for four nights.

Strakosch and Thaiberg for four nights.
Sr. Leon Rafael Palomino, our city tax collector, has abscended, leaving the city minus several thousands of dellars. Madam rumor says that he has made tracks for New-York to make the acquaintance of the good Aldermen of Gotham City.

I see from the public papers that he has been ordered to present himself a prisoner in the Tacon
Prison, an order which he will not, probably, obey. He is quite a young man, and has heretofore stohigh in the estimation of his countrymen.

REPORT OF THE AUDITOR OF THE CANAL DEPARTMENT.

Including a balance on the 1st of Oct., 1855, of \$3,186,720 29, the total resources of the Canal fund for 1856, amount to \$13,586,856 41. The expenditures have reached \$10,815 653 70, leaving a balance Sept. 30, 1856, of \$2,771,415.

In addition to unexpended balances of former appropriations, \$1,561,086 53, and the annual appropriation of \$2,250,000, overdrafts to the amount of \$123,527 88 have been paid, but this money has since been re-Anded out of appropriations made by the last Legislature. Of the payments \$445,598 82 went to redeem the principal of the Enlargement loans. Add these two sums and a balance results in favor of the fund of \$3,350 331 40, of which \$3,101,961 95 belong to the funds for the redemption of the Canal Debt, and to the unappropriated premiums on loans, while the residue the aggregate of unexpended appropriations of

former years. The receipts from the Canals for the last fiscal year amount to \$2,749,133 40. The expenditures (independent of the Enlargement) to \$786 633 40, leaving as surplus \$1,962,500, which is totally exhausted by the constitutional reservation for the Cana debt (\$1,700,-600) and the general fund debt (\$350,000), which latter appropriation is only three-quarters satisfied, leaving nothing toward a Sinking Fund to pay the interest and principal of the Eulargement debt as contemplated in the constitutional amendment authorizing its construction, nor anything for the support of government, which is constitutionally charged to the extent of

\$200,000 on this fund. As compared with last year there is an increase of tells amounting to about \$90,000, which would have been greater but for the interrup ion to the navigation in the month of May. There is a decrease of expenditures of \$109,341 28.

The system long in use on the subject of repairs beems to be as perfect as the law can make it. pary repairs are subject to the direction of the Canal Commissioners, acting individually over their respective divisions. Extraordinary repairs, in cases not involving an expenditure of over \$30,000, for which logislative warrant must be had, belong to the Commis ere as a Board. No money can be advanced for any new and extraordinary work except open a detailed astimate, to be approved by the Board; por can any advance take piace on a second setimate until an ac count of the expanditure of previous advances has been rendered by the Superintendent with vouchersall payments being subject to the approval of the Canal Commissioner, and to examination and settle-

ment by the Auditor. The expenditures for the past year not only fall short of those of the preceding year, but compare favorably with those of any year since 1846. The successive reamptions and suspensions, during the six years from 1848 to 1854, of the work on the Enlargement, left the car al in a condition which enhanced the cost of repairs -a circumstance which accounts in part, though not entirely, for the excess of charges for repairs in those years over the present. The expenditures of the last fiscal year embrace \$517,600 26, disbursed by Superintendents, including their own salaries (\$47,129 77 of it for repairing breaks in May and June): \$48,395 32 to repair-centractors on their contracts, to which, however should be added, for the 15 per cent held back and the value of materials furnished by the State, \$47,678 41, and \$56,923 78 expenditures by the Commissioners-making the whole cost for repairs \$720, 536 27. The average per mile for the Eric and Owego Canals has not been so low since 1842. No part of the Oswego, and only sections one and eight of the Erie Canal have been repaired by contract.

The system for the collection of tolls, matured from org experience, to far as the responsibility of the collectors is corcerned, is very perfect. More than sixty millions of dollars have been collected under it without the loss, so far as known, of a single dollar by the default or infidelity of the collecting agents; nor has it been necessary to exercise in a single instance the power to remove at pleasure any of the collectors, vested formerly in the Controller, and now in the Auditor.

The cost of collection in 1850 was \$54,986 58. It has gradually increased every year since. The Auditorsees no reason why the cost of collection should increase as the revenue diminishes. Several of the collectors' offices might be dispensed with, the charges for clerkship reduced, and the duties of canal-boat inspectors imposed upon other officers.

It is alleged that a liability to frauds on the revenue arises from the fact that the lock-tenders on the sections under contract for repairs do not hold by appointment from and are not under the control of the canal officers, but of the contractor for repairs. A change is recommended in this respect; and also additional precautions, including the requirement of a manifest of the cargo, to prevent masters of boats from evading the tolls. The Auditor thinks that great losses are sus tained in this way, especially at New-York and Brooklyn, where \$35,000 000 are annually delivered by boats coming through the canals without breaking bulk, without the exercise of sufficient caution in this re spect-not a new complaint, he observes, as it has een made by former Auditors.

In 1851, the tunnage of all the canals was 3,582,033 ture, and the amount of tolls, \$3,713,999 34. This was befere the repeal of the law imposing canal tells on freight carried by the parallel railroads, and the subsequent reduction of the canal tolls to enable the canals to compete with the railroads. The tunnage of the canals in 1855, was 4,022,617; but the tolls under the reduced tariff, only \$2,632,906 11-or loss from the old tauff of \$1,536,000-the natural result of admitting the competition of the railroads before the canal was prepared for it by enlargement.

A revision of the rates of tell is recommended, the tariff to be fixed not with a view to the promotion of trade, but to insure the fulfillment of constitutional pledges. The Auditor suggests a number of changes having this object in view, though the subject is, he confesses, surrounded with difficulties. A return to the old rates he does not deem advisable. He even thinks that a reduction on the rates of flour from Buffalo might bring back a part of that lost transportation, and might enhance the revenue. Merchandise, he thinks, would bear a sight increase; and other articles, which he does not name, a considerable one.

At present freight classed as merchandise pays the highest rates of toll, and the great bulk of Western products seeking an Eastern market the next highest. It is upon these classes of freight that the competition of the Central and Eric Railroads has been chiefly felt. The experience of the last three years shows this competition to be very formidable. Between 1853 and 1855 the decrease in the produce of New-York, delivered by canal at tide water, was 309,907 tuns; in produce Western States and Canada, 120,814 tuns; in me chandise going to other States via Oswego and Buf falo, 41,286 tuns.

The Auditor observes that these roads do their principal freight business in the very months in which the capals are open, and that for the reduced rates of Summer which are shared by the Western States to the damage of the canals, the New-York public is made to pay, by increased Winter tariffs, which take effect the moment the canals close. He cites facts from the Railroad Reports to show that the allegation is unfounded that the roads make no profit on their freight. and from a comparison of the power of a railroad and canal to transport freight, concludes that the advantage is with the railroads. This whole subject, however, one of so much interest that we prefer to allow the Auditor to speak for himself:

The following statement shows the tunnage of all the Canals of the State from 1850 to 1855, inclusive, the total movement in the years stated, and the total value of all the property carried or the Canal the total value of all the property carried or the Canal the Can

of all the	property carried	on the Canali	in each year.
	TUNNAGE	ON CANALS.	
			Total value of
Years.	Total tunnage.	Total movement.	property car'ed.
185	5,076,617	****	\$156,397,929
	5,582,733		159,981,601
	3,863,441	602,000,818	196,683,517
1853	4,247,823	7:0,389,933	
1854	4,165,862		210,284,312
1855	4.022,617	619,17(,651	214,390,147
The tw	o lines of Railwa	w in the State	which, during
the seese	n of Canal pavis	ention most of	Feetnalle and
rne seven	or Canar bary	Canala in the	tonner out of
remously	compete with the	e Canais in the	transport of
freight, a	re the New-York	and Erie and t	De New Lour

Central Railroads. The operations of these lines in the transportation of freight during the years stated below, shows a steady and progressive increase.

In 1853 the whole number of tuns carried on the New-

To 1853 the whole number of tuns carried on the New-York and Erie was 631,081—total movement, 101,626,522. In 1854 the tuns carried were 743,250 and the total movement 130 808,054.

In 1853 the whole number of tuns carried on the New-Yerk Central Railroad was only 360,000, which includes 75,050 tuns through, east and west.

In 1854 the whole number of tuns carried on the same cad was 549,805, and the total movement 81,168,080. he tunnage of both of these roads in 1852, through

In 1856 the tunnage of either of the roads exceeded

The operations of these roads for the year ending September 30, 1855, were as follows:

Totale......\$11,663 1,200,465 1,512,178 249,779,631 \$266,204 0o For the year ending Sept. 30, 1856, we have the fol-

lowing results:
Tune of Tune of Total Total Tollar

Reads, through way number movement canal rates
freight freight tune, or mileage in 1835.

N.Y. Central, 258, 268 522, 824 75, 112 145 733, 678 4481, 450 00

New-York and Erie not reported.

The New-York and Erie Railroad received on through

freight in 1855, \$1,461,419 18, equal to \$9.40 per tun on the quantity transported, and in the same year the New-York Central received \$1,289,706 97 on through freight, which gives an averrge of \$8 25 7-10 per tun on

the amount carried.

The act, chapter 497 of the Laws of 1851, releasing certain railroads from the payment of sanal toils on freight transported thereon took effect on the 1st of January, 1852. The consolidation of the several rail-way lines now constituting the New-York Central Rail-road did not take effect until 1853, and not in time. road did not take effect until 1853, and not in time, probably, for the new company to increase its equipment and rolling stock to an extent materially to interfere with the freighting business of the Canal during that year. The whole tunnage of all the Canals the same year was 4,27,853. But it will be seen by reference to the above statement that in 1854 and 1855, there was a steady and gradual decrease of tannage from that of 1853, amounting to 25,236 tuns in 1855 while the tunnage on the New-York and Eric Railroad bad increased from 1853 to 1855, 21,016 tuns, and on the New-York Central in one year, 120,268 tuns. The railroad reports do not give us the means of ascertaining how much of this increased tannage arose from traffic not transportable on the Canals. The increase of that traffic, however, in 1850 does not, it is supposed, of that treffic, however, in 1850 does not, it is supposed, reach 50,000 tens. We example around with any ex-

pectation of being believed that the freight traffic between Lakes Eric and Ontano and the Hudson River and New York City has decreased since 1853. Our statistical table show a steady and nearly progressive increase from 1836, when the tunnage of all the Canais was 1.310,807, to 1853, when it resched its maximum of 4.247 853 tuns. This railroad competition not only affects the amount of tunnage but the character of the freight carried. Freights paying the low rates of the freight carried, are not seriously diverted, while mer chandise, so called, and that class of freight called "solling," become objects for competition. This fact appears to be established by reference to our statistical tables.

In 1853 there were 637,748 tons of freight, the produe of the State, delivered at inde-water by the wity of the Eric Canal, and in 1855 there were only 3.7,835 tuns of the like produce arriving in the same way. Decrease in two years 369,900 tuns.

The tune of freight, the produce of the Western States or Canada, arriving at tide-water through the same channel, were

The merchandise going to other States by the way of
Buffalo and Oswego. in 1833, amounted to... 221,752 cms.
In 1835.

of the Western States which seek an Eastern market pays the next highest. Other comparative statements, showing the same results and pointing to the causes of the present depressed trade on the causes, might be ex-hibited. But enough has been given to show that this depression must be looked for in some other direction than their want of capacity, even at this time, to sus-tain a treffic two-fold larger than it has been for some

tain a treffic two-fold larger than it has been for some years past.

The competition to which allusion has been made, viewing it merely in the light of commercial benefits the people of this State, without regard to the interest of the State in the canals, is not quite so beneficent in its effects as some people are inclined to believe. The total movement of freight on the railroads for the year 1855, may be set down at two fifths of that of the canals. This covers the whole year, while the canals are navigable only about seven months and in this time the large and heavy business to and from the Western States and lake region at the North is closed up for the year, and 1,794,222 tuns of freight transported over the canals coming from and destined to other States, which is largely benefited by the low carriage forced upon the forwarding interests by this competition, while four fifths of the railroad tunnage is of domestic upon the forwarding interests by this competition while four fifths of the railroad tunnage is of domesti origin or way freight, and for the small boon of hav-ing about half of this carried, at rather reduced rates ing about half of this carried, at rather reduced rates in the Summer, the public more than make good the loss to the carrier, by paying an increased price on the Winter freight. These Winter tariffs are prepared, promulgated and take effect the moment canal navigation element.

tion closes.
The operations of these railroads for the year closing The operations of these rainces for the year observed the 30th of September, 1856, deserve special notice. The New-York Central during this year carried 217, 651 time of flour, or 1 969, 118 barrels. All but 52,088 times, or 482,060 barrels was carried during canal navigation. June and September last were the heaviest business or 482,000 parreis was carried during canal navigation.
June and September last were the Leavicat business
months in this article. Of the 776,112 tuns of freight
of all classes transported on the road the whole year,
568,332 tuns were carried when the canals were navigable. This disposes of the argument sometimes put toward, that the heaviest freighting business is done by the railroads while the canals are closed.

The freight earnings of the read of t

by the railroads while the canals are closed.

The freight earnings of the road for the year are set down at \$4,528,041.36, and the transportation expenses allotted to freight amounted to \$2,036,674.34, which is 47.06 per cent of the gross earnings on this branch of traffic.

traffic.

The transportation expenses charged to passenger traffic are a fraction over 64.26 per cent of the gross carnings for the year on that service.

A reply to the often repeated assertion, that railroad companies do not make any profit on their freight traf-

companies do not make any prome on their regarders.

The report of the New-York Central Company for the year ending September 30, 1856, shows that the transportation expenses for the year are 52.71 per cent on passenger and freight business. That the net earnings, after paying interest on debt, contribution to debt certificats sinking fund and transportation expenses, is equal to 10 097 per cent on the capital stock drawing dividend.

The net earnings of the passenger traffic were only

The net earnings of the passenger trains were only 35.74 per cent; on the freight traffic 52.94 per cent; average on both, 47.29 per cent.

The average rate of fare charged per mile on all classes of passengers was 1.93 cents, and it cost 1.24 cents per mile for carriage of each; leaving for not earnings per mile 6.9 miles. While the net passenger earnings will pay about five per cent on the dividend capital, the net freight earnings will pay nearly ten per

The above statement of facts illustrates the policy The above statement of lacts interfered to policy and practical results of existing legislation as regards the canals and principal competing lines of railway from the Hudson River and New York to the lakes and Canada. The railroad passenger business is so much restricted in price, that the net carains from that trafrestricted in price, that the net examings row that the free de not give a fair dividend on the capital, while the free trade in the freight business not only makes up the less but enables the ralload directors to make their ordinary dividends from the freight earnings alone and lay by a small surplus.

ective condition of the Canal In the present and prespective condition of the Canal finances of the State, while taxes are annually levied in aid of them, a large portion of the people, who seldom and never ride on the railroads, are taxed to give low passenger-fare to those who do, whether citizens of the S ate or not, and to give dividends to railway archelders.
When the railroads from Albany to Buffalo were

When the railroads from Albany to Buffalo were chartered, it was supposed the State would lose all the toils on packet boats and passengers, as soon as the lines were completed and opened for traffic. In 1836, these toils amounted to nearly \$100,000; in 1840, to \$26,815; in 1855, to \$1,728; and in 1856, they touched zero. It was not until 1850, however, that the rail-roads succeeded in taking all or nearly all the emigrant Although in examining the question as to the imposi-

Almough in examining ine queezon as to be impos-tion of toils on railroads, the operations of the two large lines only have been presented, the Auditor intends there remarks shall cover the whole ground, and apply to all Companies whose freight traffic operates injuri-ously to the Canal revenues, and which were released by the act of 1851 from paying tolls imposed by the act

The gross earnings of the New-York and Eric Railroad the last year have been from passengers, \$1,656,674; from freight, \$4,545,781; total, \$6,349,650. And the transportation expenses for the year are stated in the report of this Company at 49,06 per cent of the

the report of this Company at the report of these two gross earnings.

The aggregate of the net earnings of these two roads on freight alone during the year may be set down at \$4.430, 911—earnings that go to compensate capital for its use, while the net income from canal tolls during the same period was \$1,92,500.

The content of any action in 1855, there was

tolls during the same period was \$1,382,362.

During the season of navigation in 1855, there was carried on all the canals of the State 169,485 tuns of flour—1,569,366 barrels; and from a careful estimate, founded upon facts in possession of the department, the shipments of flour by the canals last season will not

ainments of flour by the canals last season will not acced 1,140,000 barrels. It has for years been urged, and with much apparent planifolding to the minds of those who were not fully acquainted with the facts, that railroads could not successfully campete with canals in the transportation of freight, and it was no doubt owing to the prevalence

of freight, and it was no doubt owing to the prevalence of this belief that the Legislature in 1851 consented to reinquish the toils on freight carried by railroads.

It is now ascertained that an engine will had a train centaining 150 or 100 tans of freight, exclusive of the deas weight, or the weight of the train. A canal boat with 150 tans of freight will not ordinarily perform the frip from Buffalo to Albany short of eight days. In this time one ergine with a leaded train of 150 tans would run forr times each way over the road from Buffalo to Albany and back, and deliver 600 tans at each point.

each point.

But to state the case in other words, one locomotive and freight train will perform four times the service in delivering freight one way that a canal boat of like capacity, and eight times as much when loaded both Eight canal boats of 150 tuns capacity, starting at

the same time from Buffalo, will deliver 1,200 tuns at tide-water in eight days, while eight freight trains can deliver 4,800 tuns in the same time, taken from and left at the same points.
Upon the basis of these facts and calculations the Auditor proceeds to present his views of the right as well as the duty of the State to resume the remission of tells improvidently made to the railroads. Indeed,

he contends that the whole legislation on that subject s not merely voidable but absolutely void. But here, is not merely voncable but absolutely void. But here, again, we prefer to allow him to speak for himself:

The Constitution of 1846 imposed the duty upon the Legislature of providing for the payment by the Canal Fund to the General Fund of \$550,000 per annum for the two-fold object of paying the interest on what was known as the General Fund debt, and to defray the configure expenses of the General Fund debt, and to defray the ordinary expenses of the Government, which it was then well understood, could not be met from any other source except by direct tarstion upon the people of the State. A constitutional obligation not only rested upon the Legislature but also upon the Canal Board, and the Commissioners of the Canal Fond, to take care

that the revenues arising from tolls should not be di-verted, or so impaired as at any time to be insufficient to meet the constitutional charges upon them. It is true that the Constitution of 18th does not, like that of 18.1, refer to and fix the rates of tolls which could not true that the Constitution of 1856 does not, like that of 1851, refer to as d fix the rates of tolls which could not be altered or changed, except in the way pointed out; but the Auditor respectfully submits, that the direction to appropriate and pay certain specified sams out of the revenues of the canals, implies an obligation and a duty to impose such rates of toll as would be adequate to meet the demands upon them. This question was well considered, settled and nated upon, soon after the Constitution of 1846 was ratified. The Auditor is not aware there was ever any departure from the rule, that rates of toll were to be fixed solely in view to revenue. Several laws granting bounties, or allowing drawbacks on salt and coal transported on the canals, became dead letter, or were repealed, as infringing upon the Constitution.

on sait and contrained as infringing upon the Constitution.

At the time the Constitution of 1846 was framed and adopted, some of the railroads that were released from paying tolls by the act of 1851 were entirely prohibited by their charters from carrying freight upon any conditions, and others were allowed to carry freight on condition of paying tolls. Would the Legislature in view of these constitutional pledges, have repealed these restrictions entirely and unconditionally, if the fact had been known that the competition allowed would have reduced the tolls below a fair revenue standard that would meet these contributions? The Legi-lature of 1847 did not think so. By the act, chapter 270, of the Laws of 1847, the railread companies whose charters prohibited the transportation of freight upon them were relieved from the restrictions, and they were allowed to take and transport upon their railways all goods, chartels and property that might be they were allowed to take and transport upon their railways all goods, charlets and property that might be offered; and these companies, as a condition of the grant, were required to pay into the Treasury of the State the same folls per mile, on all property, as would have been paid on them from the point of receipt to the point of delivery, had they been transported on the Erie Caral.

The same act also provides and declares that the The same set also provides and declares that the tolls collected for freights transported on railroads should be deemed to belong to the Canal Fund, and should be paid over and applied in the same manner as tells collected on freight transported on the canals; and it is not believed that any other direction could have been properly given to these receipts.

The act of 1847 was not considered an infringement of the right rection of the 7th article, for the reason that it did not alienate any part or portion of the income of the canals. If the Legislature cannot 'sall, 'lease or otherwise dispose of any of the canals of the

come of the canals. If the Legislature cannot "sell, "lease or otherwise dispose of any of the canals of the "State," it is difficult to percieve by what authority their revenues known, fixed and enjoyed when the Constitution was adopted, can be alienated. The canals must "remain the property of the State and under its management." The State held an ungranted franchise in 1846, which secured to its citizens a sure and certain immunity from all future bordens in regard to a clary of specified public claims. Should or can that franchise be alienated before all the beneficial objects for which it was held have been satisfied. If the State or, negant away any portion of the canal reve-State or n grant away any portion of the canal revenues permanently, it can dispose of the whole of them without reserve.

The act to abolish tolls on railroads was passed as a

The act to abelish toils on railroads was passed as a majority bill on the 10th of July, 1851. As printed in the Session Laws it does not appear that a three-lifth quorum was present, nor was it passed by a two-third vote. Its provisions are:

"41. It shall not be necessary for any railroad company in this State to pay any sums of money into the Treasury of this State on account of the transportation of property on any railroad on and after the first day of December, 1851.

"42. It shall not be necessary, after the said first day of December next, for any railroad company to make to the Controller, monthly statements of the property carried on its railroad.

road.
"\$2. All acts and parts of acts requiring the payment of State tolls by any rational company, for the transports ion of prop

troiler, monthly statements of the property carries on its state road.

"(3) All sets and parts of acts requiring the payment of State rolls by any unifocal company, for the transportation of property on any railroad, are, after the said first day of December west, so far sethey conflict with this act, hereby repealed."

The act of 1847 conferred upon certain railroad companies a right and privilege, or a franchise which the State held in trust for the benefit of its creditors. The grant was made upon conditions that could not, if faithfully performed, have produced any public injury or violated the public faith; those conditions were the payment into the treasury, in such manner as the State should prescribe and direct, such a fixed sum per tun per mile on all freight carried by the roads as would be payable for tolls if transported on the causis.

There was no compulsory obligation imposed on the railroads to trat sport goods and property on their roads, but if they did so, then they agreed to pay a compensation to the State for the privilege. Some of these companies had not, until the act of 1847, any right to receive compensation for the carriage of freight.

These questions are presented for solution:

Did the act of 1851 release discharge or commute some claim or demand of the State! If so, then it can have be constitutional efficacy, unless it was voted for by a majority of all the members elected to each House, when a three fifth quotum was present.

Did the act apprepriate public moneys or property for local or private purpose?! If it did, then it could have no constitutional validity, except with the assent of two-thirds of the members elected to each branch of the Legislature.

If the Legislature.

If the Legislature, by direct action of any kind, so reduce the Canal toils as to render the surplus insufficient to meet the trusts constitutionally charged upon them? or, in other words, would a law be valid which

reduce the Canal tolls as to render the surplus insufficient to meet the trusts constitutionally charged upon them? or, in other words, would a law be valid which fixed the tolls at so low a rate as to produce ealy income rufficient to pay the "expenses of collection, sufficient and each ordinary repairs," and leave the trust fut ds to be provided for in some other way?

It has been urged that the reclamation of the Railroad tolls, given away in 1851 would be an exertion of power buriful to trade and commerce, and obnoxious

e the charge of establishing monopoly in the transpor

tation of merchandice and property to market.

If the question was confined to the repeal of the act of 1847, and the reimposition of the restrictions upon the railread companies which were in force when that the railroad companies which were in force when that act was passed, there might be some grounds for urging such an argument; but that is not now the question to be disposed of. It is no more nor less than this: Will the State, to red em its obligations, resort to the capacity and income of the canals to enable it to maintain its high and commanding position; or will it cripple the capacity of its public works by surrendering to corporations, which are but the mere creatures of its will, the power to take so much of the carrying trade as may suit their pleasure or purpose, and thereby, from less of revenue, be compelled to turn round and levy a tax upon the people to replenish an exhausted treasury, and enable it to perform its whole duty to the public creditors. The poculiar constitutional restrictions imposed upon the Legislature in respect to finance and the creation of debt, may at times cause embair assuments which are debt, may at times cause embarrassments which are difficult to be surmounted, and these embarrassments are very much aggravated by a non-adherence to a settled line of policy until some reliable results are as-

certained.

The sufficiency of the present Canal revenues to pay

The sufficiency of the present Canal revenues to pay
the debt now charged upon them, and to meet other
charges which have been and must be incurred,
whether the public works are pressed to completion or
are now suspended, is quite as problematical as almost
any other depending on future solution.

The diversion of trade to other channels of communication between the points of production and market,
the changes in the lines of transit, and the opening of
new markets, may, in the period of ten yesrs, bear so
severely upon our Canal traffic as to reduce the tolls to
a mere nominal sum. Then the negotiation of a loan a mere nominal sum. Then the negotiation of a loan upon the credit of the Sinking Fund, to supply the deficiency of revenue to pay interest, will not be found of easy accomplishment. And these equitable taxes required by the Constitution to be imposed to support the credit of these Sinking Fund, will be considered by these who are called upon to pay them as quite inequities. bose who are called upon to pay them as quite inequi-

It is difficult to see the justice or the right, or even the expediency of our loading posterity with a debt of our own creation, when the heritage we give them there or is a poor, old, worn out and dilapidated Canal, there or is a poor, old, worn out and displacted Canar, whose income from year to year we have handed over to the pockets of private individuals instead of applying it to the payment of this inheritable public debt.

That the Auditor may not be misunderstood or misrepresented in reference to the subject which has clicibed the above remarks, he desires to say that he has not now, and never had, any doubts of the ability of the above that the subject which the solidity is the subject when of the canals of the State to keep themselves in repair pay the interest on the debt incurred for their construction, and ultimately to liquidate the principal of the debt, if they can have what the original projectors and the people of the State designed they should have, the their is cation, and that which which would be drawn their scattor, and that which which would be drawn benefits srising from the carrying trade along the lines of to them from other States, affording, as it was expected they would, the cheapest facilities for transmission of property to market, of any in the country. If the owners and shippers of the marketable pro-duce of the country can afford to pay 50 per cent more for transmission by railway over that by canals, in con-

querce of the difference in time and the certainty of sching market when prices fluctuate, it should be emembered that the State has created those railway facilities, not alone by the exertion of its sovereign power in calling those corporations into existence, bu the grant of \$3,000,000 in one case and the loan of its credit in reveral others, amounting to \$600,000, with-out which those railroads would not have been com-

leted at the time they were.

If these considerations are not sufficient to enable the State to interpose a successful claim against being deprived of the full income of her canals, may she not be allowed. be allowed to say that the completion of the Eric Canal in 1826 opened the facilities for planting an empire at the West which new compares favorably in population and production with the old thirteen States in 1774, and that the development of production and train consequent upon the construction of the cana's now brings to the railways a traffic, the annual receipts from which far exceed the original cost of the Brie Canal.

If the imposition of tells on freight conveyed by rail-roads is not required to enable the State to satisfy the just claims upon the Treasury, then it should not be deno.

But if it appears that by railway diversion and com-pelitien the trade and traffic on the canais is sariously impaired and the revenues so diminished and diverted as not to be sufficient to satisfy the annual charges upon them, such an exigency must justify fully the act of reclamation. reclamation.

In considering this question, we should lay entirely
In considering this question, we should lay entirely

reclamation.

In considering this question, we should lay entirely out of view the annual Sinking Fund of \$1,700,000, which the State receives and disposes of as a trustee for its creditors, and which can only be supplied to the objects of the trust. It is unavailable for any other purpose. The same remark may be made in regard to the \$50,000, annual contribution to the Sinking Fund of the General Fund debt.

In this view of the question it is a financial fallacy to say these tolls are not wanted to pay the interest on the new debt of \$11,000,000, while the present deficiency continues. The process of borrowing money to pay the annual interest, will increase that debt about \$11,000,000 more by the first of January, 1872, if the botts in of the loan bag shall not be sconer reached.

The canada and railroads of the State may be parts of a single system of internal improvements, but it by no means follows that when there is antagonism of interest between different lines of railroad, there can be none between the canals and railroads, especially when the

between the canals and railroads, especially when the

between the canals and railroads, especially when the lines are all competing.

The relative rights and interest of all the parties concerned in them must be examined, adjusted and disposed of, as the best interests of the whole State, and not of any particular class of persons, may seem to require. It could not have been the object of the projectors of our canals, that the cost of their completion should be thrown as a burden moon the multiple to be jectors of our canals, that the cost of their completion should be thrown as a burden upon the public, to be removed by an annual tax, while those who invested capital in railreads, with a view to a profitable return, were mainly recompensed by competing with the State for the legitimate trade and commerce of the canals.

Corroborative of the ideas thus presented is the view given by the Auditor of the position of the Canal

debt, which amounts altogether to \$24,663,289, on which the annual interest is \$1,347,193. Supposing the annual surplus of \$1,700,000 appropriated to the extinc-tion of the old canal debt to hold out (which he does tot question), that debt, amounting to \$13,2:3,704, will be extinguished or provided for by 1867. But so seen as that is accomplished the claim of the General Fund on the surplus canal revenue rises, under the Constitution, from \$350 000 annually to \$1 500,000 annually, till such time as the General Fund debt is extinguished. That debt amounted in January last to \$7,275,654. What it may be in 1867 it would be now difficult to say. Supposing it, however, not to be in-creased, it may be paid off by 1872, then leaving the surplus canal revenue, applicable to the new enlarge ment debt, of \$11,000,000.

Meanwhile, however, there is a total deficiency of means to pay the interest or to make the annual provision for the redemption within eighteen years of the principal of that debt-a deficiency which, notwith starding a loan of \$500,000 and taxes to the amount of \$232,500 applied last year to that purpose, amounted, on the 30th of September last, to \$455,598. To meet those charges, there will be wanted for the year ending the 30th of September next, \$1,006,139; and for the year ending the 30th of September, 1858,

It is not supposed, however, that the policy will be adepted of borrowing money to invest for a sinking fund, but rather that the credit of the Sinking Fund and its claim on the surplus canal revenues, in default of other means, will be employed as a basis of borrowng meney to pay the loars as they fall due. But, even in this case, there will be a deficiency of means to pay interest on the 30th of September next of \$633,750. One has already occurred (met, however, out of other funds), of \$159,380, on the 30th of September last. If the surplus canal revenue should meet the charges upon it for the old canal debt and General Fund debt (\$2,650,660), some relief may be obtained from \$350,000 of taxes levied under an act of the last session; but, even supposing that whole tax to be so applied, a loan of \$443,130, on the credit of the Sinking Fund, will still be needed to cover the deficiency of the current and the last year; while for the interest (\$655,000) to fall due next year, no provision whatever exists. It is some consolation, however, to find that, mean

while, the credit of the State holds good, and that the cans for the Canal Enlargement bave produced an average premium of upward of fifteen per cent; while-a point, however, not referred to by the Auditor-the net revenue of the canals, though no longer able to meet the heavy charges in the way of debt-paying and otherwise, hitherto imposed upon it; still handsomely exceeds the annual interest on the total canal debt and, for that matter, the entire State debt. For the current year the Auditor estimates the canal

revenues at \$2,850,000, not more than sufficient to meet the expenses and the claims of the old canal and General Fund debt, having nothing toward the engement debt, interest or principal, or the other charges with which the surplus canal revenues have been saddled.

As to the et largement, its entire cost was estimated n the report of the State Engineer of last year at \$13,-131,868 74-an excess of \$4,131,808 74 beyond the original estimate of \$9,000,000, but more likely to fall short of the actual expense than to exceed it. Probably an addition of \$4,500,000 to the original estimate may with economy cover the whole cost.

To stop the progress of the work would be ruinous

and wasteful; but to continue it, and to meet the claim for land damages and the fifteen per cent held back from the sums due the contractors, requires an appropriation of \$4,500 beyond all the means hitherto pro vided. The Auditor suggests as available means

.. 61,660,233 81 Total....

There are, however, obstacles in the contracts with some of the Banks, and in chap. 329 of the Laws of 1854, to the application of a part of the above premium oans to the purposes of the enlargement prior to the 15th of April, 1858; but about half a million of them may be made available by the 1st of October next, and the Sinking Fund would probably be in a condition to take some portion of the amount as an investment, by means of which operation further funds might be supplied in anticipation of April 15, 1858. With a view to satisfy the claims of the contractors

whose jobs may be completed during the year, to the fifteen per cent held back till completion of the amounts due them, the Auditor suggests the advance out of surgius of the Canal Debt Sinking Fund, now amounting to upward of two millions, of \$600,000 in anticipation of the proceeds of a State tax to be levied in 1857. The advance would be refunded before the 1st of July, 1858, when the five per cents of that year are payable. The same thing was done in 1853, and why not now?

He also argues, and cites sundry precedents to show that the contraction of a debt on the credit of the Sinking Fund, to supply a deficiency, cannot be and has not been considered a new debt within the prohibition of the 12th section of the Constitution. The 5th section provides that if the Sinking Funds, or either of them. shall prove insufficient to enable the State, on the credit of such funds, to procure the means to satisfy the claims of the creditors of the State, the Legislature shall levy taxes for the benefit of those funds; thus im plying a power to raise money upon them by credit to satisfy the claims of creditors. Section 10 of the 7th article gives a power to the Legislature to contract debts "to meet canal deficits, or failures in revenues, or for expenses not provided for," not to exceed at any time a million of dollars.

On this subject the Auditor says: After a careful examination and search, the Auditor has not been able to find any law which authorizes the creation of a debt under sec. 10 of the 7th article, except the act, chap. 374 of the Laws of 1849, to provide for extraordinary repairs of the casais, the act, chap 200 of the Laws of the same year, to provide the means

to purchase the Albany basin, and the act, chap, 501 of the Laws of 1851, to enlarge the Oswego Canal and locks. The aggregate of the debts created under these

nets in \$442,585 49.

The cebt of \$489,819 34, under the act, chap. 215 of the Laws of 1848, was contracted on the credit of the Sinking Fund named in sec. 1, art. 7, to supply a deficiency in that fund. That sam new stands as a part of the canal cebt of the Stale; the interest is paid out of the canal revenuer, and the Sinking Fund is chargeable with the liquidation of the principal.

The stock or Controller's bonds issued under the provisions of the act chap. 225 of the Laws of 1849 entitled, "At act to settle the c aim of the Canal Fund according to the provisions of

entitled, "At act to settle the caim of the Canal Fand upon the General Fund, according to the provisions of the Constitution," only replaced in the Canal Fund a sum of morey transferred from the Canal Fund to the General Fund between the first day of June and 30th of September 1846 and applied to the use of the latter fund. The act does not assume that this debt was created under the authority of sec. 10 of article?, to make the canal deficits, or failunce in revenues, or for expenses not provided for.

Some question was made at the time in respect to the creation of these debts. The Auditor does not

Some question was made at the time in respect to the creation of these debts. The Auditor does not he wever, propose to examine these questions or to restate the arguments. He refers to the special report of the Controller, Assembly document No. 137, March 13, 1848; the annual report of the Controller, Assembly document No. 137, March 13, 1848; the annual report of the Controller, Assembly document 1850, No. 132, report of the majority of the Committee of Ways and Means, Assembly documents 1850, No. 186, and the report of the majority of the Committee of Ways and Means, Assembly documents of 1850, No. 186, where the whole matter is elaborately and ably disumed on both sides; but the construction contended for in the minority report of the Ways and Means has been acted upon ever since. If these two sums are not a part of the old debt of 1846 every Legislature and every financial officer of the State since 1849 has violated the Constitution, the former by making appropriations to pay the interest on an invalid debt, and the other in paying over the money. paying over the money.

If the \$489,819 34 is no part of the old canal debt

If the \$489,819 34 is no part of the old canal debt, but was issued under sec. 10, aut. 7, by what sathority is the interest chargeable upon the Canal Sinking Fund? and if the \$385,000 is no part of the old General Fund debt, by what authority can the interest be chargeable to the General Fund Sinking Fund? As respects the canal certificate debt, that has been wiped out by the recent amendment of the Constitution, and the \$100,000 lean contracted to pay debts prior to June 1.816, cannot by any fair constitution based dawn in

the \$100,000 loan contracted to pay debts prior to June 1, 1816, cannot by any fair construction be set down in the catalogue of new debts. If these prior debts had been paid by the Sinking Fund, the sum must have been provided for as a deficiency when the next redemption of principal came round.

If the power to create new debts has been exerted only in the cases before named, then a further debt to the extent of more than \$500,000 may be now contracted under sec. 10, "to meet casual deficits, or failures "in revenue, or for expenses not provided for." This is a subject which addresses itself to the sound discretion of the Legislature.

If the final cost does not exceed the sum of \$4,500,000 and the appro-

\$4,500,000 additional, and \$2,500,000 shall be appropriated from the funds on hand, and to be made avail able from a tax to be levied in 1857, the balance, say \$2,000,000, can be covered by the levy of a half-mill tax for three consecutive years, or a tax of three-fourths of a mill for two years after 1857. The surplus of the Sitking Fund can, to some extent, be made available in anticipation of the taxes to be levied in 1858 and 1859. The Report closes with the following crumb of com-

Even \$24 000,000 of canal debt, with the rapid dimi-

Even \$24 000,000 of canel debt, with the rapid diminution which must commence in 1858 and be continued up to 1864, when the Treasury debt will sbortly be liquidated, can give no just cause of alarm, norshould provoke disquiet in the public mind in respect to the foture, if a policy shall be adopted to guard and protect the interests of the people of the whole State against sectional or individual encroachment.

RECEPTION OF THE RETRIBUTION.

The Chamber of Commerce met at 1 o'clock p. m. resterday, Mr. P. PERIT, presiding, and made arrange ments to give a public reception to the officers of the Retribution.

Mr. J. DEPRYSTER OGDEN moved the following which was seconded by Mr. J. A. Stevene, and they were adopted:

Were adopted:

Whereas, It is understood that the English steam frigate Retribution, daily expected at this port, has been selected by the British Government to convey Capt. Hartstene and officer of the bark Resolute back to the United States—the Resolute being one of the discovery ships sent by Great Britain in search of Capt. Franklin, but after being abondoned in the ice of the Aretic regions, was fortunately failen to with and brought to jort by our own countrymen, then purchased by Congress and sect back on her late mission of friendship and good-will; and teherons. The return and presentation of this vessel on the part of the United States to Great Britain have been received in England with every form of countesy, and acknowledged by every nark of distinction to our officers who were charged with the schone duty; and scheroes such acts, while they well befit the character of the great and kindred nations, cannot fail to awaken sentiments of mutual kindness and mutual regard; therefore,

therefore,
Resolved, That the Chamber of Commerce of New York entertain an homest pride in bearing testimony to the general feling of congratulation on this occasion.
Reselved, As a tribute of respect no less than of acknowledgment for the courtesies and cordial reception given to CapiHartstene and officers, that a c mmittee of — he appoint
by this Chamber to cooperate with a committee of citizens in
giving an appropriate reception to the commander and officers
of the frigate Retribution.

The following gentlemen were appointed by the Chair, Mr. Grinnell being named as Chairman, but he declined the position, and nominated Mr. Perit:

G.C. Bogert,
Moses H. Grinnell,
John A. Hevens,
John C. Greene,
H. K. Bogert,
C. Barstow,
W. B. Duncan,
Win. B. Astor,
Royul Phelips,
R. C. Goodhue,
D. Olymbant. Jonathan Storges, Mertimer Livingston, Mertimer Livingston, James G. King. J. P. Phorrix, Geo. W. Blunt, E. D. Morgan, Meredith Howland, J. W. Alsop. C. H. Russell, C. H. Marshall, A. B. Nellson, T. H. Falle, Geo. S. Robbins, H. A. Smythe, D. Gypdant,
E. E. Morgan,
E. E. Morgan,
C. Augustus Davis,
J. De Peyster Ogden,
Samuel D. Babcock,
Thomas Flieston,
R. H. McCurdy,
W. W. Stone, James Lee

Mr. DEMING DUER offered the following, which we adopted:

oleed. That the gentlemen hereinafter as med be invited in Chamber, as a Committee of Citizens, to cooperate with committee of this Chamber in carrying out the foregoing

Committee of this Contions:

Thomas J. Oakley,
H. J. Redfield,
Luther Bradish,
B. D. Silliman,
W. Kent,
F. B. Cutting,
George Griswold,
W. H. Grosby,
Stephen Whitney,
James J. Jones,
Peter Coc per,
Isaac Townsend,
J. T. Souther,
John E. Williams,
James J. John R. Broadhead, W. G. Noyes, J. Watson Webb, Wm. M. Evarts, John Ootheat, Simeon Draper, John Van Buren, Mosee Taylor, John Dockrane, John Dockrane, John David Waife, Benjamin F. Butler, W. C. Bryant

The Joint Committee will meet on Friday next, #1 p. m., in Room No. 13, Insurance Building.

MARINE AFFAIRS.

THE ICE-BOUND RIVERS.

The ice is so thick in the East River that the book on nearly all the ferries are unable to make their trips The Peck-slip Ferry to Williamsburgh has laid up it boats and locked its gates. The Bridge-street Ferry has done the same. A boat occasionally manages we wedge through from the Catharine-street dock, but with difficulty. The Fulton Ferry boats make occ sional trips. The Houston street Ferry has stopped running. The ice covers the river from shore to show. and is so heavy that the ebb and flow of the tide he but little effect upon it. A cold night or two will make an ice bridge strong enough to enable passengers dispense with the boats. RETURNED.

hence 13th inst., returned yesterday afternoon, is w of steam-tog Huntress, having, when 40 miles east of the Highlands, discovered her to be leaking, which gained on the pumps twenty inches in three host while on the starboard tack. Her cargo consists d. flour principally. Capt. Morrell, of steam-tug Huntress, came up from

The British brig Lady Seymour, of and for Habit

outside yesterday, and reports several square-rest vessels below, among which are the ship Maid Orleans, and bark Lexington, from Havana Will coming up she carried away six of the arms of he starboard wheel and four of the port one.

Aftern of a Female Lunatic.—A woman name Mary Calligham, who, for some time, had been an ismate of a Lunatic Asylum on Blackwell's Island, called on Tuesday on in at the residence of Bishop Hugher and demanded as which, she sileged, he owed her. The Bishop time of in minimum of the convince the soman of her error, but she persisted that as a right, and finally became so indiguous at not getting the one that he threw stones at the house and broke one of the wood one-process. The police arrested her, and Justice Cabera is her back to the Arylum.